Attachment 1

FOOD STAMP PROGRAM
NATIONAL PRIORITY AREAS

FY 2006

A Guide for Regional Office and State Agency Review Teams

United States Department of Agriculture
Food and Nutrition Service Headquarters

Program Development Division
Program Design Branch

May 2005

Attachment 1

1. Program Access

Related Functional Areas: *Benefit Delivery, Caseload Management, Civil Rights, Certification, Complaints, Hearings, Staffing/Organization, Training*

Regional SAOR: Examine efforts at the State agency level to ensure program access, improve customer service, and eliminate barriers to program participation. *Do not confuse this review with the Federally required local Program Access review or with the biennial Management Evaluations (ME) review in which the region shadows a State during the review or follows up on a local office program access review conducted by the State after the fact. The ME review is discussed later in this memorandum (see item 5).*

- Examine the State's written policy and procedures for compliance with regulations affecting access.
- Conduct program access interviews with representatives from one or more anti-hunger advocate groups operating statewide or at least beyond the local level.
- Examine any new or recently modified State office-generated client notices regarding eligibility determinations and adverse action for conformance to regulatory requirements. Ensure eligibility for food stamps is clearly communicated as independent from eligibility for other benefits. Review the content and design of the documents and provide any suggestions that would make them more user-friendly.
- Assess the State agency's efforts to identify project areas and certification offices that require the provision of bilingual materials and translation services or services through bilingual staff per the requirements at 7 CFR 272.4(b). Evaluate the agency's efforts to support and monitor local offices subject to these requirements.
- Determine the State's compliance with the regulations at 7 CFR 271.6 regarding complaint procedures. Review the State's analysis of complaints related to program access and customer service and the success of efforts to resolve any problems discovered.
- Examine how the State agency conducts the following activities to ensure eligible applicants and recipients are not being denied program participation unnecessarily:
    1. Review the State's record on fair hearings upheld and reversed. Read a selection of records from recent months, basing the extent of the review on the agency's hearing reversal rate.
    2. Examine the State's Intentional Program Violation (IPV) processes and procedures. At least one State per region should be reviewed with priority given to states with a high ratio of Administrative Disqualification Hearing waivers to administrative hearings and/or a high ratio of Disqualification Consent Agreements to prosecutions.

a. Examine the State's process for disqualifying individuals for intentional program violations.
b. Review the criteria used to target individual investigations.
c. Review the adequacy of client notices scheduling Administrative Disqualification Hearings (ADH) and offering ADH waiver opportunities with particular attention to: the inclusion of all regulatory requirements, especially a full list of client rights; an explanation of how the summary of evidence demonstrates the IPV; and if possible, whether the state is completing investigations and determining an ADH is appropriate before offering the individual a waiver.
d. Review the investigator/suspected violator interview process, if any, and observe at least two if possible. Note whether individuals are terminated for failure to cooperate with IPV investigations and under what specific circumstances.

3. In States with high Quality Control (QC) negative error rates (exceeds 125% of the national average in FY 2004), review the agency's process for determining the causes of major errors and assess the agency's ability to use this information to correct and prevent invalid negative actions. For example, based on FY 2003 data this would include: CT, ME, NY, VT, DE, MD, FL, IL, MI, CA, GU, and ID.

- Inquire about new special initiatives on the State level to increase participation and evaluate their success. Collect best practices information for those that appear to be producing the intended results.

REPORTING TO FOOD AND NUTRITION SERVICE (FNS)-HQ:

1. **Confirm that a review of Program Access at the State level was conducted or provide an explanation for not completing one.**
2. **Indicate if the State was chosen for an IPV process review.**
3. **Describe all program deficiencies found, the specific corrective action(s) taken or planned by the State, and the outcome or current status of the plan.**
4. **To report on best practices of noteworthy creativity and effectiveness, have State agency personnel follow the promising practice report form issued July 9, 2004. The form is on the FSP web page at http://www.fns.usda.gov/fsp/rules/Memo/04/070904.htm .**

State ME: **(suggested methods)**

- Conduct Program Access Reviews of local operations using the methodology contained in the FNS' *"Food Stamp Program Client Access Review Guide for Regional Offices,"* August 2000. Adapt the guide for use by State-level ME staff. Instead of the office selection criterion on Page 8 of the review guide, conduct an access review in each project area or management unit due for an ME according to the approved schedule. Adjust minimum sample size requirements based on the participation data for the particular local office being evaluated.

- Review activity should include:
    1. Participation Data Analysis
    2. Gathering of Initial Local Office Information
    3. Case File Reviews of Initial Certifications, Denied Applications, and Terminations (The reviewer will need to review hard copy paper files unless the State agency has a scanner for a paperless system.)
    4. Staff Interviews
    5. Client Interviews
    6. Local Advocate or Grassroots Organization Interviews
    7. Observation of Office Functions
    8. Inclusion of Program Access Issues in ME Entrance and Exit Conferences
    9. Inclusion of Program Access Review Findings in ME Reports to the FNS Regional Office.

2. Assessment of Corrective Action

Related Functional Areas: *Administrative Funds, Audits/Monitoring*

Regional SAOR:

- Per 7 CFR 275.3(d), 275.16, and 275.17, examine the State's performance data to confirm that problems in program operations are being identified, properly analyzed, and resolved.
- If any of the following applies, the State must be taking corrective action:
    1. Uncorrected findings from prior State Agency Operations Reviews, FNS Program Access Reviews, GAO audits, contract audits, or USDA audits.
    2. Rules, practices, or procedures resulting in under issuances, improper denials, and/or improper terminations.
    3. Negative case error rate above 1 percent.
    4. Payment error rate 6 percent or above.
    5. Five percent or more of the QC samples of active and/or negative cases are incomplete.
- Where plans are in place, determine if the corrective actions are being taken accordingly and are effective.
- In instances where Corrective Action Plans have been recently implemented but performance has not substantially improved, analyze the agency's efforts to adequately assess the weaknesses of their plans and provide any technical assistance requested to make modifications or new plans as indicated.
- Gather information describing instances where performance problems have persisted after implementing and updating Corrective Action Plans over a

reasonable time period.

- If there is a reinvestment obligation, monitor the State's activities to ensure they meet reinvestment plan requirements in 7 CFR 275.23.
    1. Ensure the State is properly accounting for project costs and the projects are allowable.
    2. Review reports to confirm they contain full details on each project's effectiveness in reducing errors.
    3. Check the State's accounting records to ensure reinvestment expenditures are supported by documentation and are properly entered on the FNS-269 Report. If another office in the regional office, e.g. Financial Management staff, performs this review it is not necessary to duplicate that effort.

REPORTING TO FNS-HQ:

1. **If applicable, confirm that an Assessment of Corrective Action at the State level was made.**
2. **If applicable, confirm that a review of reinvestment plan compliance was conducted.**
3. **Report all findings of failure to do corrective action planning, non-compliance with plans, or the persistence of program deficiencies after repeated planning efforts have failed without good cause to eliminate them. Include any recommendation for action under 7 CFR 276.**

State ME: **(suggested methods)**

- Examine performance data for the local project area or management unit, including findings from past ME Reviews, to confirm adequate Corrective Action Plans are in place where indicated.
- Where plans are in place, determine if the corrective actions are being taken accordingly and are effective.
- Review a sample of case records containing actions which are error prone.
- Re-evaluate the causes of errors and deficiencies persisting over time and assess the quality and scope of the corrective action plans being followed unsuccessfully.
- Require the local project area or management unit to submit new or updated plans timely if indicated.

3. Recipient Claims Management

Regional SAOR:

- Validate the State's FNS-209 Report examining source documentation from the State's system to determine the accuracy of the amounts entered on these reports and the timeliness of claims establishment and posting of entries to the system. The claims self-assessment guide or similar may be used as a tool to facilitate this effort.

1. Ensure the State's system contains detailed records supporting the FNS-209's beginning balance.
2. Assess the State's performance on handling newly established claims. Examine the time span between discovery of a possible overissuance to establishment of the claim to determine whether this is being completed in accordance with the FNS standard or an approved State plan.
3. Assess the State's performance on collections and the procedures in place for updating account records when payments are made or recoupment takes place.
4. Ensure that any significant variation from the normal patterns in the data over reporting periods is not due to inaccurate reporting. The prevalence of manual corrections made to source documentation should be explored as an indication of inadequate accounting procedures.
5. Consult technical guides where necessary for further instruction.

- Assess the State's performance in the Treasury Offset Program (TOP).
    1. Ensure that the State is properly performing all pre-offset processes:
        - determining eligible debts
        - sending proper notice to the households
        - completing reviews when requested
        - researching/ updating records to reflect deceased individuals, different names, etc.
    2. Proper submission/maintenance of the debt.
        - adding eligible debts at least quarterly
        - maintaining debts (submitting weekly updates – bankruptcy, recoupment, balance adjustments, reporting State refunds, etc.)
        - correcting rejected reports (unprocessable) and resubmitting
    3. Use of online system.
        - to identify and correct debtors with name changes found through the non-offset reports
        - to update information in TOP
    4. Timely recording of collections.
        - post offsets and reversals to debtors' accounts
        - issue refunds for overcollections
        - report collections on the FNS-209
    5. Consult technical guides where necessary for further instruction.

REPORTING TO FNS-HQ:

1. **Confirm that a review of Recipient Claims Management at the State level was conducted or provide an explanation of other monitoring efforts.**
2. **Report all program deficiencies found, the specific corrective action taken or planned by the State, and the outcome or current status of the plan.**

3. **Complete any periodic reports necessary for reporting to the Office of Inspector General, the Office of Management and Budget, and others.**

State ME: **(suggested methods)**

- Review case records to determine the timeliness of referrals made by local office staff to claims establishment personnel.
- Review case records to ensure they contain documentation supporting claim referrals and establishments.
- For States in which claims processing is decentralized, review local operations using the same general procedures as the FNS region for determining the validity of amounts contained in reports to the State agency. Evaluate the local office's performance on claims establishment, collections, posting new information to accounts, and the management of debts.
- Use the FNS-provided self-assessment guide or similar tool as necessary to assess management in these areas.

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4. Nutrition Education

Regional SAOR:

- Select two Nutrition Education project States for review. Selection criteria should involve such factors as:
  1. Amount of expenditures over the past fiscal year relative to other States in the Region with similar population demographics and program scope.
  2. The quality of sample documentation used by the State to support reimbursements from the State agency to subcontractors.
  3. Rate of increase in expenditures from one fiscal year to the next.
  4. Known or suspected difficulties in program administration or operation.
  5. Length of time since the State's Nutrition Education services were last examined.
- Assess whether:
  1. The State Agency has a process in place to review and monitor grantees' and sub-grantees' nutrition education operations.
  2. Operations are consistent with the terms of the approved plan.
  3. Activities are targeted to participating and potentially eligible clients.
  4. Projects are being evaluated for effectiveness.
  5. Sources of State matching funds are appropriately documented, allowable and not used as a match for other Federal programs.
  6. Administrative expenses are reasonable, necessary and properly documented and allocated.
  7. States are submitting materials developed to the National Agricultural Library, Food and Nutrition Information Center for consideration of inclusion on the Food Stamp Nutrition Education Connection website.
- Review the operation of a Nutrition Education project on the local level in at

least one State to further assess the nature of State agency administration in this program area.

REPORTING TO FNS-HQ:

1. **Confirm that a review of Nutrition Education was completed in the two States selected. Identify the local project area reviewed. Report all deficiencies found, the specific corrective action(s) taken or planned by the State, and the outcome or current status of the plan.**

State ME:
(suggested methods)

- Conduct on-site nutrition education reviews of local operations in at least two project sites to ensure that operations comply with the requirements of Nutrition Education State Plan Guidance and are consistent with the approved Plan.
- Review activity should include at a minimum:
  1. Review of financial integrity to include the documentation and identification of costs, identification of state match sources and costs are properly allocated.
  2. Account for any program income.
  3. Ensure that appropriate time and effort reporting documents are kept.
  4. Observation of Nutrition Education delivery to ensure that it is consistent with methods approved in the State Nutrition Education Plan
  5. Review of targeting and delivery to Food Stamp Program eligibles.

5. Reviews of State Management Evaluation Systems

Regional SAOR:

- Review each State's ME System on a <u>biennial</u> schedule at minimum.
- Determine if the State is completing ME Reviews of local project areas or approved management units following either the standard schedule or an approved alternative schedule per 7 CFR 275.5(b) or in accordance with the terms of any active waiver to ME regulations on review frequency.
- Ensure the State's evaluations cover the nationally targeted program areas, as well as any additional areas of potential weakness added to the ME guidance.
- Assess the adequacy of the State's methods and procedures for conducting ME Reviews of local operations and the quality of the data collected per 7 CFR 275.9 (a) and (c). Determine how well the State agency is able to identify program deficiencies; analyze their magnitude, extent, and possible causes; and ensure they are corrected within reasonable time frames.
- Make a visit to a local certification office in each State every other year to validate the agency's ME assessment and findings. This can be done by accompanying the State's reviewers and observing the agency's ME process

in operation or by conducting a separate review covering the same areas reviewed earlier by the State team. Pay particular attention to how well the agency is determining compliance with program access regulations, identifying other barriers to participation, and advising the local office staff on customer service improvement strategies. Use the requirements in the Program Access Review Guide as the standard.

1. Review case reading guides and interview questionnaires to ensure access issues are adequately covered.
2. Confirm State reviewers are using unbiased procedures for selecting cases to review and staff members, clients, and advocates to interview.
3. Read a sub-set of the case files selected for review by the ME team to confirm the accuracy and scope of the State's determinations of compliance with access requirements.
4. Observe a sub-set of the staff and client interviews being conducted or conduct additional ones independently.
5. Consult with State staff to provide feedback on the review process in use, offer any specific guidance needed, and answer questions.

REPORTING TO FNS-HQ:

1. **Report the number of ME Reviews the State completed during the prior fiscal year and note how this compares with the number on the approved schedule for the year. If the State failed to complete all the ME's scheduled, explain the reasons and the plans for bringing the State agency into compliance with ME requirements.**
2. **Identify the local office visited for an ME observation or independent review.**
3. **Describe all deficiencies identified in the State's ME process, the specific corrective action(s) taken or planned by the State, and the outcome or current status of the plan.**

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6. Use of 15% Able-Bodied Adults Without Dependents Exemptions

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Related Functional Areas: *Certification, Caseload Management*

Regional SAOR:

Note to Regional offices:
If you reviewed this target at the State level in FY 2005 and there were no problems, you will not need to review this target again in FY 2006.

Examine usage of 15% exemptions for ABAWDS to ensure States are properly exempting these individuals for the correct length of time.

- Examine the State's written policy and procedures for exempting ABAWDS from the 3-month time limit.
- Determine States' compliance with the regulations at 7 CFR 273.24(i) regarding FNS-583 reporting requirements.
- Examine how State agencies keep track of the number of 15% exemptions used monthly.

REPORTING TO FNS-HQ:

1. **If applicable, confirm that the 15% exemption review at the State level was completed.**
2. **Report all deficiencies found and specific corrective action(s) taken or planned by the State.**

State ME (suggested methods	• If the State uses the 15% exemption, review case records of ABAWDS and determine whether exemptions are captured by the computer system counting the number and duration of 15% exemptions granted.

7. Food Stamp Issuance/Electronic Benefits (EBT) Transfer

Regional SAOR Or State ME, as appropriate, based on whether the function is done at the State-level or at the county-level.

- Determine the State's compliance with the regulations at 7 CFR 274.12 (g)(5)(ii) regarding replacement of lost or stolen EBT cards. The regulations require that the State agency should replace EBT cards within two business days after notification or within 5 calendar days if the State is using a centralized issuance system (Note: Some States have waivers to allow for 5 business days under a centralized issuance system).
    - a) Ensure the State has a functioning process for receiving lost and stolen reports at the State and local office levels, basing the extent of the review on the agency's replacement card rate.
    - b) Determine if the State is using a centralized issuance system and/or local-level issuance system.
    - c) Examine a selection of records from recent months listing when the State or local office was notified by a client that his/her card was lost or stolen. Review records from the same time period for when a replacement card was sent to a client.
    - d) Compare the amount of time (# of days) between notification by a client and replacement by the State agency of an active card and PIN and benefits available on the card to a client.
    - e) For local-level issuance systems, verify that no more than 1 business day exist between the two dates. For centralized issuance systems, verify that no more than four calendar days exist between the two dates to ensure adequate delivery to a client.
- Examine how the State agency conducts the following activities according to 7 CFR 274.12 (g)(7)(i)(A) and (B) which require that: benefits stored offline must be made available upon reapplication or re-contact by the household and the State shall attempt to notify the household of this action and the steps to get their benefits reinstated. <u>Only State agencies that choose the option to store stale benefit accounts offline should be reviewed.</u>
    - a) Ensure that States are not expunging stale benefits before the one year time frame, unless the State has a waiver from FNS which allows for expungement after 270 days.
    - b) Asses the State's efforts to notify the clients of the procedure of storing stale benefits offline and how to get the benefits reinstated.
    - c) Identify cases in the last year where households' benefits were taken offline and the households' reapplied for benefits or re-contacted the State agency.
    - d) Note if the benefits were reinstated and the amount of time it

took the State agency to reinstate these benefits to the households. Although this is not specifically addressed in the regulations, clients should have access to their benefits within a reasonable timeframe (e.g., 1-2 days).

- Measure the State agency's intent to perform the following activities consistent with 7 CFR 274.12 (h)(1)(ii) to ensure newly authorized EBT- only retailers have access to the EBT system within the regulatory requirements (within 30 days if the retailer uses a third party processor or 2 weeks if the retailer is using a State-supplied (EBT only) POS, after FNS authorization).
  a) Select a sample of records of retailers that were recently authorized in the past few months. The sample should include an equal number of EBT-only retailers and retailers that use third party processors.
  b) For the selected records, determine when the State or the State's EBT vendor was notified through REDE that a retailer was authorized to accept Food Stamp benefits. From information provided by the State or the vendor, determine when a point-of-sale (POS) device was provided to the retailer. Vendors should be able to provide this information to the State, upon request.
  c) Compare the amount of time (# of days) between notification through the REDE file and when the retailer was provided the POS equipment (i.e., when the equipment was mailed out) to determine compliance with this requirement.
- Verify the State agency's compliance with the regulations at 7 CFR 274.2 (d) regarding accurate issuance schedules.
  a) Determine the State's schedule for issuing monthly benefits to eligible households.
  b) Examine a selection of records regarding benefit availability dates from recent months to ensure benefits were issued on time, basing the extent of the review on the State agency's caseload.
  c) Determine whether households are receiving benefits on or about the same date each month.

OTHER MONITORING REQUIREMENTS

Civil Rights Compliance reviews may be completed in conjunction with the region's State Agency Operations Reviews and/or the State's Management Evaluation Reviews. For guidance, see FNS Instruction 113-7 from April 14, 1983.